

**Statement of the Honorable Mary Bono Mack
Subcommittee on Commerce, Manufacturing and Trade
Hearing on "Where the Jobs Are: Can American
Manufacturing Thrive Again?"**

April 19, 2012

(As prepared for delivery)

Throughout our nation's long history, a growing and robust manufacturing sector has helped to make America great. It's been a driving force in our economy since the Industrial Revolution as generations of hard-working Americans, armed with machines, tools, and a determined work ethic, cranked out everything from airplanes to toasters.

But as our nation has moved from the Atomic Age to the Space Age to the Information Age, manufacturing has not kept up, losing nearly six million American jobs since the beginning of the 21st century. Aging, rusting, and abandoned factories litter the U.S. landscape.

Today, we stand at an important crossroads. One direction – lined by job-killing regulatory hurdles, a punitive tax code, and indecisive political leadership – will lead ultimately to a further erosion of our manufacturing base and lost prosperity for future generations of Americans.

The other direction – where smart policies and smart minds eventually intersect – could lead, instead, to a resurgence in U.S. manufacturing, putting millions of Americans back to work again and breathing new life into the beleaguered middle class.

Secretary Bryson, as chairman of this subcommittee, I look forward to working closely with you on this very important issue. Let's make "Made in America" matter again. Let's throw the "start switch" right now. Let's get the widgets moving.

Clearly, we don't have any time to waste.

Statistics show the manufacturing sector was the hardest hit in terms of job losses during the Great Recession. While manufacturing accounts for just a tenth of our nation's jobs, manufacturing suffered a third of our nation's job losses.

What's more, in 2009 – for the first time ever – the number of unemployed Americans actually exceeded the number of Americans employed in the manufacturing sector, a fact that remains true today, despite a slight uptick in recent hiring.

So what happened? The United States was the undisputed leader in manufacturing for decades with the world's largest manufacturing economy producing nearly a quarter of all globally manufactured products.

But that leadership is now in serious jeopardy, so it's vitally important to consider what's at stake for our nation.

According to a report by the National Association of Manufacturers, American manufacturing supports nearly one in six U.S. jobs, which pay, on average, over \$75,000 with benefits.

Additionally, manufacturing jobs have the highest multiplier in the U.S. economy – every \$1 in direct spending produces \$1.35 in additional indirect output. Conversely, every

manufacturing job eliminated in America results in the loss of two other jobs elsewhere in the economy.

So as policymakers, we are facing several critically important questions. First, what is the true state of the manufacturing sector today? Second, what factors are impeding a comeback? And finally, and most importantly, what policies could aid the manufacturing sector's recovery?

Here's the good news. Historically, manufacturing is the hardest hit during a recession, but the quickest to recover due to pent-up demand for goods.

Recent numbers from the Bureau of Labor Statistics provide a glimmer of hope that the U.S. manufacturing sector may indeed be rebounding. Last year, for the second consecutive year, American manufacturers actually added jobs. Prior to that, the manufacturing sector had suffered job losses every year since 1997.

What's more, according to a recent report by the Boston Consulting Group, rising wages in China, the rising cost of energy and real estate in China, and the rising cost of transporting goods back to America for consumption are beginning to make the United States a much more attractive option once again for many manufacturers.

But still other observers see a real cause for concern buried within the recovery numbers. Overall, the United States lost 5.7 million manufacturing jobs since 2000, a rate of decline that exceeded even the Great Depression, according to a study by the Information Technology & Innovation Foundation.

Compounding this problem is a very sobering fact: the United States lost a staggering 66,000 manufacturing firms – an average of 17 per day – over this same period. At the current rate of recovery, ITIF estimates the manufacturing sector would not return to 2007 job levels until at least 2020.

There are other factors contributing to this slow rate of recovery as well. In its 2009 report, Facts About Modern Manufacturing, the National Association of Manufacturers identifies external policy-related costs such as a persistently high corporate tax rate, the high cost of health care, the rising cost of energy, regulatory costs, and tort costs as serious barriers to manufacturing.

Simply put, there is a prevailing sense among many people that the United States is falling even further behind in fostering an environment conducive to job creation.

So when it comes to U.S. manufacturing, is the glass half full, half empty, or will it remain shattered on the kitchen floor for millions of out-of-work Americans?

Mr. Secretary, let's work together to sweep up the glass and then set the table for a manufacturing comeback.

I continue to believe in the greatness of America, and "Made in America" should continue to be a shared pride for all of us.

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